

Information Services Board Briefing Paper on the Department of Social and Health Services Medicaid Management Information System Reprocurement Project

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Description

The Department of Social and Health Services (DSHS) Medical Assistance Administration (MAA) will present an overview of their plan to replace the Medicaid Management Information System (MMIS) project and seek approval of their investment plan.

Recommendation to the Board

ISB staff recommends that the Board approve DSHS' investment plan.

Recommendation to the Project

No recommendations at this time.

Status

MMIS is a system that has been in production in Washington since 1982 based on a 1970s design and technology from another state. The current vendor, Affiliated Computer Solutions (ACS, formerly Consultec, Inc.) has been the vendor since that time; the maintenance contract was competitively bid in 1989 and was again awarded to ACS. DSHS and the federal Centers for Medicare and Medicaid Services (CMS) now wish to replace the aging MMIS system.

DSHS MAA personnel have appeared before the ISB Core Systems Committee on two occasions to review and seek input on the initial MMIS alternatives, project plans, costs and benefits, and risks associated with this project. The Committee's input was used to refine the content of DSHS' Requirements Analysis (feasibility study). The goals of this project as contained in the study are to:

- Consolidate Medicaid and selected non-Medicaid payment information across DSHS
- Make maintenance and modifications easier
- Improve customer service and support
- Provide flexible and responsive reporting
- Implement improved interfaces and interoperability
- Use common provider and client identifiers
- Automate manual processes and workarounds

Proposed Schedule

Planning/Requirements Definition	February 2003 – February 2004
Procurement	February 2004 – July 2004
Select Contractor	July 2004 – October 2004
Negotiate Contract	October 2004 – January 2005
Design and Implement Infrastructure	July 2004 – December 2006

Application Design	January 2005 – September 2005
Application Development	September 2005 – May 2006
Testing	May 2006 – December 2006
Implementation (1 st Phase)	December 2006
Implementation (2 nd Phase)	January 2007 – December 2007
Implementation (3 rd Phase)	January 2008 – December 2008

Proposed Budget

Salaries & Wages	8,042,000
Employee Benefits	1,620,000
Personal Services Contracts	56,200,000
Goods & Services	1,096,000
Travel	24,000
Capital	3,863,200
Intra-Agency	116,000
Total Design, Development, Implementation Costs	<u>\$70,961,200</u>

GF – State	\$9,029,120
GF – Federal	\$61,932,080

Issues/Risks

Schedule: The ISB approved extending the current contract with the incumbent vendor, ACS, to December 2007. DSHS made the same request of CMS. CMS approved the extension only to December 2006. DSHS must obtain CMS approval at several points within this process; each approval requires a minimum of 60 days. The effect of CMS not approving the extension is that the project has no schedule contingency.

Market Conditions: Within the next 18-24 months, approximately 25 states conceivably could be replacing their MMIS systems. The longer DSHS waits to enter this acquisition phase the more selective the vendor community can be regarding which opportunities they pursue.

Project Scope: This project is large and complex; it affects at least six of DSHS' other administrations. Managing the scope and complexity of this project will be a significant challenge.

Change in Federal Match: There is a proposal within the Bush administration to lower the federal match on MMIS projects from 90% to 75%. This change would represent an increase of \$9,591,180 for GF–State for a new total of \$18,620,300.